

# March Quarter 2020 and Full Fiscal Year 2020 Results



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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), marketplace-based core commerce adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Adjusted/Non-GAAP Measures Reconciliation.

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**Alibaba Digital  
Economy GMV<sup>(1)</sup>**  
**> US\$1 Trillion<sup>(2)</sup>**  
**RMB 7,053 Billion**

**China Retail  
Marketplace GMV**  
**RMB 6,589 Billion**

**Annual Active Consumers (AAC)**  
**960mn Global AAC**





Notes:

- (1) GMV transacted in the Alibaba Digital Economy was RMB7,053 billion (US\$1 trillion) for fiscal year 2020. This mainly included China retail marketplaces GMV of RMB6,589 billion (US\$945 billion), as well as international retail marketplaces and local consumer services GMV.
- (2) The U.S. dollar amounts of annual GMV for fiscal year 2020 presented in this presentation represent the sum of GMV in U.S. dollars for the quarters ended June 30, September 30 and December 31, 2019 and March 31, 2020, each converted from the RMB amounts at the average daily exchange rate for each relevant quarter.
- (3) Consumers in China who purchased goods or services on our China retail marketplaces, local consumer services and digital media and entertainment platforms during the twelve months ended March 31, 2020.
- (4) Annual active consumers of Lazada, AliExpress and other international retail businesses for the twelve months ended March 31, 2020.





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# **COVID-19 Pandemic**

## Financial & Operational Impact

	China Retail Marketplaces	Local Consumer Services
<b>March '20 Quarter (1/1 – 3/31)</b>	 <p>Taobao Tmall</p> <ul style="list-style-type: none"> <li>Tmall online physical goods paid GMV grew 10% YoY.</li> <li>Tmall FMCG and Consumer Electronics combined GMV grew at +25% YoY, with negative growth in other major categories.</li> <li>Customer management revenue and Commission revenue grew only 1% YoY.</li> </ul>	 <p>Ele.me Koubei</p> <ul style="list-style-type: none"> <li>Ele.me saw a decline of 8% revenue YoY reflecting mass closure of restaurants and local merchants.</li> </ul>
<b>Recovery Trend</b>	<ul style="list-style-type: none"> <li>Tmall online physical goods paid GMV saw a strong recovery in April and continues to improve in May.</li> </ul>	<ul style="list-style-type: none"> <li>Food delivery GMV growth turned positive in April as locked downs eased, restaurants began reopening and people began returning to work in China.</li> </ul>

## Business Opportunities

Core Commerce	Cloud Computing & Innovation initiatives
<p><b>Accelerated merchant on-boarding</b></p>  <p>Taobao Live</p> <ul style="list-style-type: none"> <li>We have seen a growing range of offline merchants going online as well as increased adoption by existing merchants of new ways to engage with and sell to consumers.</li> <li>Daily active merchants on Taobao Live grew 88% YoY for March 2020.</li> </ul> <p><b>Increased online grocery penetration</b></p>  <p>Freshippo Taoxianda</p> <ul style="list-style-type: none"> <li>Strong demand for food and grocery business, as customers adopting to the habit of buying groceries online</li> <li>Over 60% Freshippo's GMV coming from online purchases up by 10 percentage points YoY in the March 20 quarter.</li> </ul>	<p><b>Digital Transformation for Enterprise &amp; Organization</b></p>  <p>Alibaba Cloud</p> <ul style="list-style-type: none"> <li>Public cloud grew rapidly driven by increase consumption of video contents and adoption of remote working and learning.</li> </ul>  <p>DingTalk</p> <ul style="list-style-type: none"> <li>In the month of March, DingTalk's average daily active users on workdays reached 155 million</li> <li>Significant penetration in the education sector.</li> <li>In March, DingTalk conducted on average over one million active classroom sessions each workday.</li> </ul>

## Social Responsibility

**Donations of PPE and equipment** – Through their combined efforts, the Alibaba Foundation, the Jack Ma Foundation and the Joe and Clara Tsai Foundation donated over 200 million units of personal protective equipment, testing kits and ventilators to over 150 countries and regions.

**Delivery of medical supplies** – Our logistics subsidiary Cainiao delivered medical supplies to destinations around the world.

**Knowledge sharing** – The Alibaba Foundation and Jack Ma Foundation jointly established an online exchange called the Global MediXchange for Combating COVID-19 (GMCC) to facilitate sharing of best practices and knowledge for fighting the pandemic among medical professionals around the world in real-time in 11 languages. Close to 10,000 healthcare workers from 120 countries and regions have joined the GMCC.

**Fund for medical and related supplies** – Within China, we established a new RMB1 billion special fund to procure medical and related supplies for parts of the country affected by the COVID-19 pandemic.

**AI technology** – We made available AI technology to over 550 hospitals in China to help improve the speed and efficiency of their COVID-19 diagnosis using CT scans.

**Jobs** – Freshippo, Ele.me and Koubei launched employee-sharing initiatives to temporarily hire furloughed employees of businesses in negatively impacted service sectors, including restaurants, hotels, movie theaters and department stores.

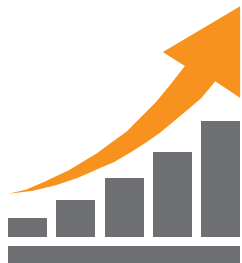
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## **March Quarter 2020 Financial Results**



# March Quarter Financial Highlights

## Revenue



**22% YoY**  
Total Revenue Growth

**19% YoY**  
Core Commerce  
Revenue Growth

## Cloud



**58% YoY**  
Cloud Computing  
Revenue Growth

## Consumers



**846 MM**  
Mobile MAUs<sup>(1)</sup>

**726 MM**  
Annual Active Consumers<sup>(2)</sup>

## Profitability and Cash Flow



**RMB19.8 Bn**  
**(US\$2.8 Bn)<sup>(4)</sup>**

**Adjusted EBITA**

**RMB -4.2 Bn**  
**(US\$-0.6 Bn)<sup>(4)</sup>**  
Non-GAAP Free Cash Flow

**RMB2.0 Bn**  
**(US\$0.3 Bn)<sup>(4)</sup>**  
Non-GAAP Free Cash Flow  
Excluding effect of  
AliExpress Payment Services  
Restructuring<sup>(3)</sup>

Notes: Unless otherwise indicated, all figures above are for the three months ended March 31, 2020.

- (1) For the month ended March 31, 2020; in a given month, the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during that month.
- (2) For the 12-month period ended March 31, 2020; the number of annual active consumers on our China retail marketplaces.
- (3) The outflow of free cash flow for the quarter ended March 31, 2020 was mainly due to the effect of the one-off restructuring of the payment related services of AliExpress in response to a change in regulatory requirements. Excluding this one-off effect, the non-GAAP free cash flow would have been an inflow of RMB2.0 billion (US\$0.3 billion).
- (4) The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.



# March Quarter Revenue

- **Total Revenue** YoY growth of 22%. The increase was mainly driven by the solid revenue growth of our China commerce retail business and robust revenue growth of cloud computing.

## Total Revenue Breakdown

	Three months ended March 31, 2020		
	RMB MM	% of Revenue	YoY %
Core commerce:			
China commerce retail			
- Customer management	30,906	27%	3%
- Commission	14,500	13%	(2%)
- Others <sup>(1)</sup>	25,499	22%	88%
	70,905	62%	21%
China commerce wholesale	2,787	3%	9%
International commerce retail	5,353	5%	8%
International commerce wholesale	2,458	2%	15%
Cainiao logistics services	4,951	4%	28%
Local consumer services	4,841	4%	(8%)
Others	2,570	2%	51%
<b>Total core commerce</b>	<b>93,865</b>	<b>82%</b>	<b>19%</b>
Cloud computing	12,217	11%	58%
Digital media and entertainment	5,944	5%	5%
Innovation initiatives and others	2,288	2%	90%
<b>Total</b>	<b>114,314</b>	<b>100%</b>	<b>22%</b>

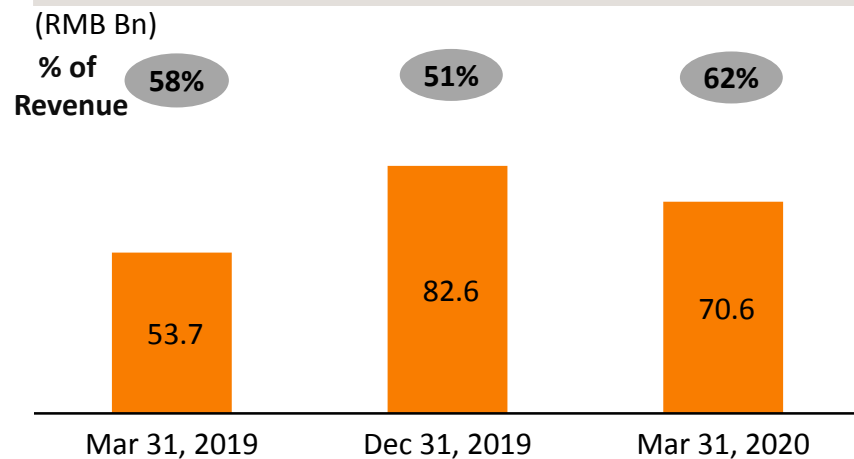
} 1% YoY

Note:

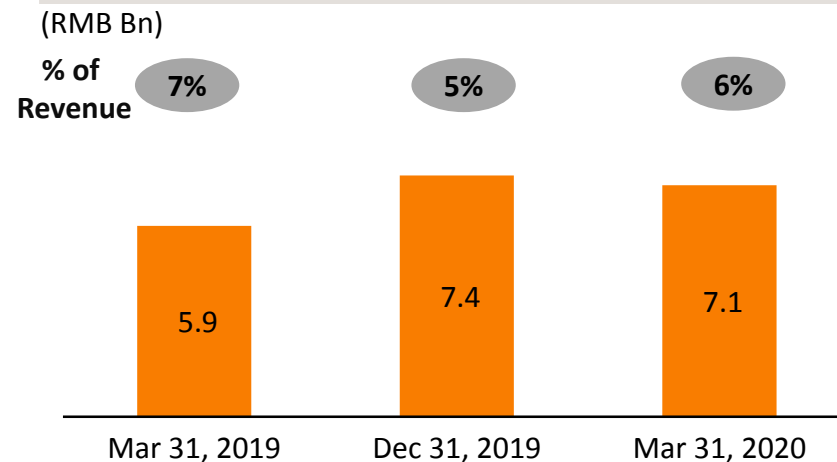
(1) "Others" revenue under China commerce retail is primarily generated by our New Retail and direct sales businesses, comprising mainly Freshippo, Tmall Supermarket, direct import and Intime.

# March Quarter Cost Trends

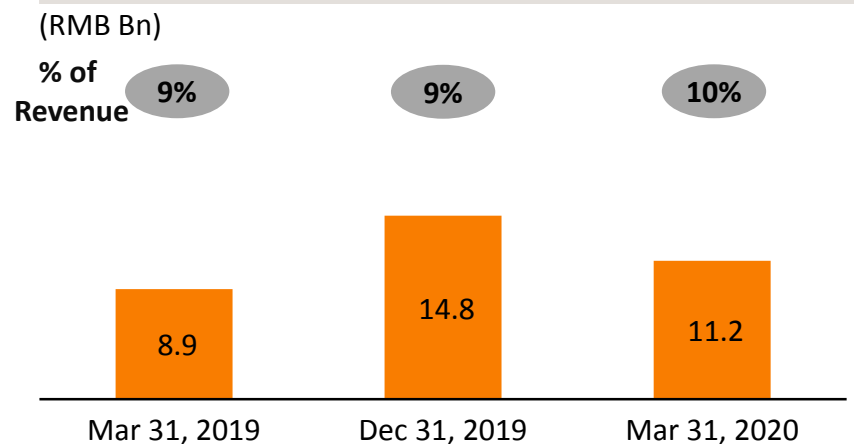
## Cost of Revenue (Excluding SBC)



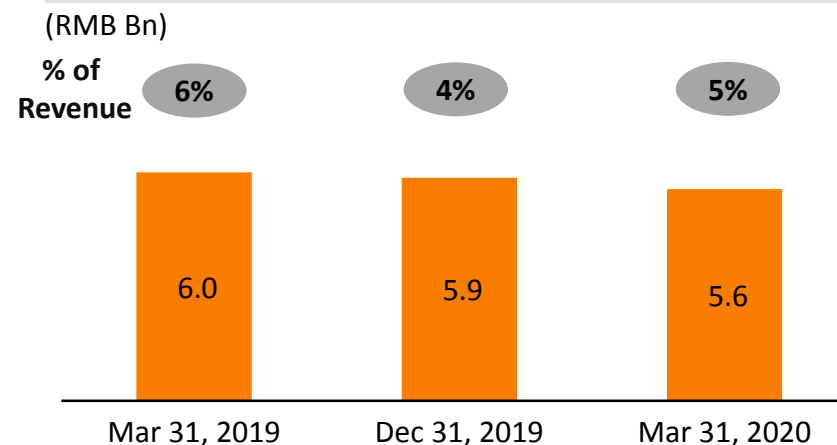
## Product Development Expenses (Excluding SBC)


















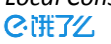


















## Sales & Marketing Expenses (Excluding SBC)



## General & Administrative Expenses (Excluding SBC)



# March Quarter Segment Reporting<sup>(1)</sup>

	<b>Core Commerce</b> <i>China Commerce Retail</i>           <i>China Commerce Wholesale</i>  <i>International Commerce Retail</i>   <i>International Commerce Wholesale</i>  <i>Cainiao Logistics Services</i>  <i>Local Consumer Services</i>  	<b>Cloud Computing</b> 	<b>Digital Media &amp; Entertainment</b>           	<b>Innovation Initiatives &amp; Others</b>     	<b>Un-allocated<sup>(2)</sup></b>	<b>Consolidated</b>
Mar Q 20 Revenue (MM)	<b>RMB93,865</b> <b>US\$13,256</b> <b>19% YoY</b>	<b>RMB12,217</b> <b>US\$1,725</b> <b>58% YoY</b>	<b>RMB5,944</b> <b>US\$840</b> <b>5% YoY</b>	<b>RMB2,288</b> <b>US\$323</b> <b>90% YoY</b>	-	<b>RMB114,314</b> <b>US\$16,144</b> <b>22% YoY</b>
Mar Q 20 Adjusted EBITA (MM)	<b>RMB28,126</b> <b>US\$3,972</b>	<b>RMB(179)</b> <b>US\$(25)</b>	<b>RMB(3,378)</b> <b>US\$(477)</b>	<b>RMB(3,063)</b> <b>US\$(433)</b>	<b>RMB(1,679)</b> <b>US\$(237)</b>	<b>RMB19,827</b> <b>US\$2,800</b>
Mar Q 20 Adjusted EBITA Margin (%)	<b>30%</b>	<b>(1%)</b>	<b>(57%)</b>	<b>(134%)</b>	-	<b>17%</b>

Notes:

(1) Segmental information is presented after elimination of inter-company transactions.

(2) Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

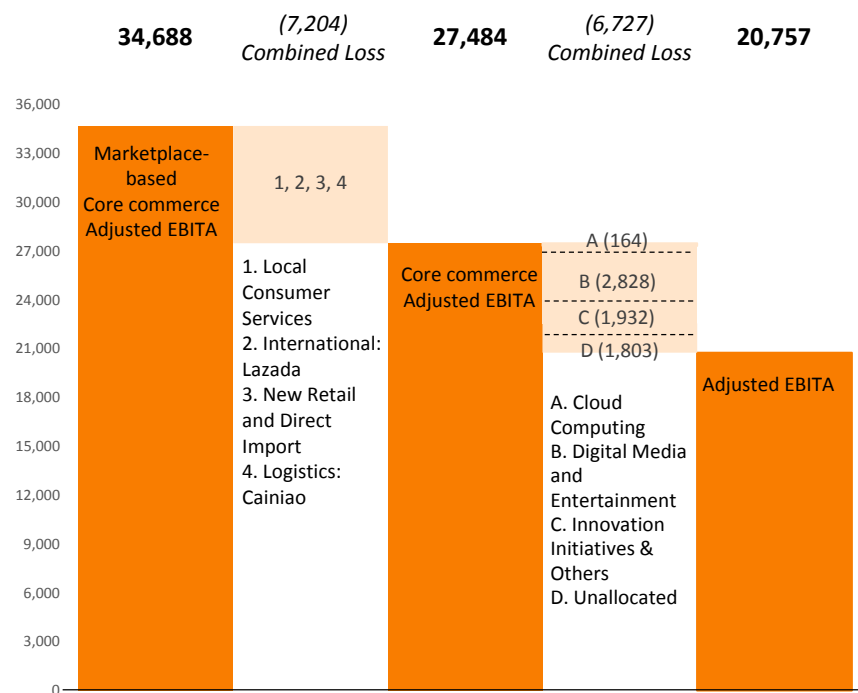
(3) The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

# March Quarter Adjusted EBITA by Segment

- **Marketplace-based Core Commerce Adjusted EBITA** decreased 2% YoY to RMB33,990 million (US\$4,800 million).
- **Core Commerce Adjusted EBITA** increased 2% YoY to RMB28,126 million (US\$3,972 million). Core Commerce Adjusted EBITA margin was 30%.
- **Cloud Computing** revenue increased 58% YoY to RMB12,217 million (US\$1,725 million), primarily driven by increased revenue contributions from both our public cloud and hybrid cloud businesses. Adjusted EBITA was a loss of RMB179 million (US\$25 million).
- **Digital Media and Entertainment** revenue increased 5% YoY to RMB5,944 million (US\$840 million), primarily due to an increase in subscription revenue from Youku driven by an increase in number of paying subscribers. Adjusted EBITA was a loss of RMB3,378 million (US\$477 million).
- **Innovation Initiatives and Others** revenue increased 90% YoY to RMB2,288 million (US\$323 million). The increase was primarily due to an increase in revenue from online games and other business initiatives. Adjusted EBITA was a loss of RMB3,063 million (US\$433 million).

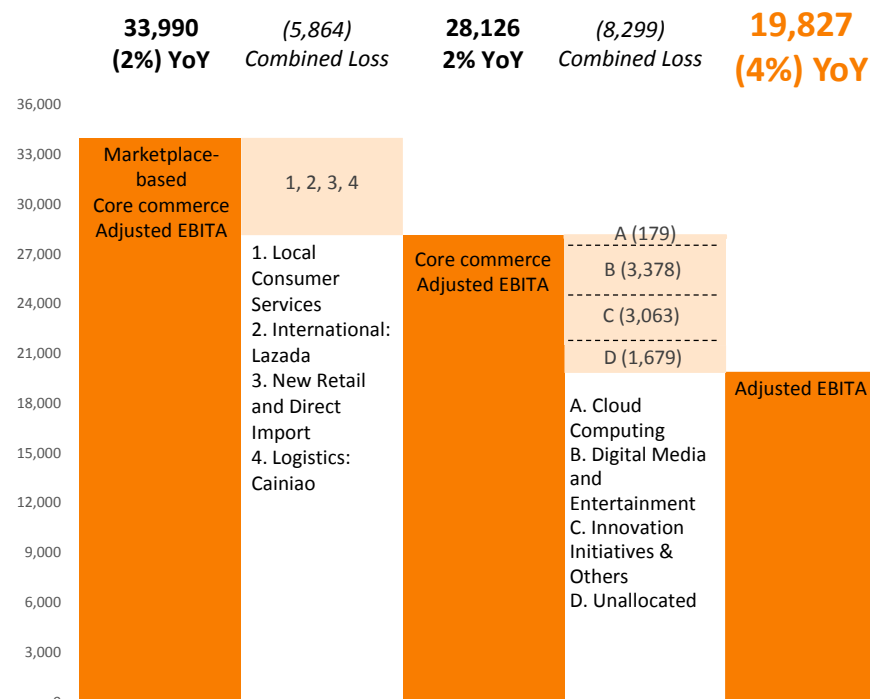
## March Quarter 2019

(RMB MM)



## March Quarter 2020

(RMB MM)



# March Quarter Other Financial Metrics

- **Share of results of equity investees** in the quarter ended March 31, 2020 was RMB3,545 million (US\$500 million), compared to RMB828 million in the same quarter of 2019. We record our share of results of equity investees one quarter in arrears.
- The year-over-year increase in share of results of equity investees was mainly due to our starting to recognize share of profit in Ant Financial after we received the 33% equity in Ant Financial in September 2019, partly offset by a decrease in our share of results of Suning.
- The increase in “Others” in the quarter ended March 31, 2020 was primarily due to the commencement of amortization of intangible assets of Ant Financial upon our receipt of an equity interest in Ant Financial.

	Three months ended		
	March 31, 2019	March 31, 2020	
	(RMB MM)	(RMB MM)	(US\$MM)
<b>Share of profit of equity investees</b>	<b>1,306</b>	<b>5,273</b>	<b>744</b>
- Ant Financial <sup>(1)</sup>	-	5,109	721
- Others	1,306	164	23
<b>Impairment loss</b>	<b>-</b>	<b>(234)</b>	<b>(33)</b>
<b>Dilution loss</b>	<b>(62)</b>	<b>(249)</b>	<b>(35)</b>
<b>Others <sup>(2)</sup></b>	<b>(416)</b>	<b>(1,245)</b>	<b>(176)</b>
<b>TOTAL</b>	<b>828</b>	<b>3,545</b>	<b>500</b>

Notes:

- (1) We received the 33% equity interest in Ant Financial on September 23, 2019. Similar to other equity method investees, we record our share of results of Ant Financial one quarter in arrears.
- (2) Others mainly include amortization of intangible assets of equity investees and share-based compensation expense.
- (3) The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

# March Quarter GAAP to Non-GAAP Net Income Attributable to Shareholders

- **Net income attributable to ordinary shareholders** in the quarter ended March 31, 2020 was RMB3,162 million (US\$447 million), a decrease of 88% compared to RMB25,830 million in the same quarter of 2019. The year-over-year decrease was primarily due to a net loss in investment income, mainly reflecting decreases in the market prices of our equity investments in publicly-traded companies, compared to a net gain recorded in the same quarter of 2019.
- **Interest and investment income, net** in the quarter ended March 31, 2020 was a loss of RMB7,715 million (US\$1,089 million), compared to an income of RMB18,665 million in the same quarter of 2019, primarily due to a net loss arising from decreases in the market prices of our equity investments in publicly-traded companies in the quarter ended March 31, 2020, compared to a net gain recorded in the same quarter of 2019. The above-mentioned gains and losses were excluded from our non-GAAP net income.
- Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and intangible assets and certain other items, **non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS** in the quarter ended March 31, 2020 was RMB25,100 million (US\$3,546 million), an increase of 12% compared to RMB22,496 million in the same quarter of 2019.

	Three months ended		YoY %
	Mar 31, 2019	Mar 31, 2020	
	(RMB MM)	(RMB MM)	
<b>Net income attributable to ordinary shareholders – basic</b>	<b>25,830</b>	<b>3,162</b>	<b>(88%)</b>
Dilution effect on earnings arising from option plans operated by an equity investee and subsidiaries	(11)	(1)	(91%)
<b>Net income attributable to ordinary shareholders – diluted</b>	<b>25,819</b>	<b>3,161</b>	<b>(88%)</b>
Less: Gain (Loss) on deemed disposals/disposals/revaluation of investments and others	(19,961)	10,334	N/A
Add: Share-based compensation expense	7,110	8,652	22%
Add: Amortization and impairment of intangible assets	3,203	4,044	26%
Add: Impairment of investments	3,450	709	(79%)
Add: Settlement of U.S. federal class action lawsuit	1,679	-	N/A
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	-	N/A
Adjusted for tax effects on non-GAAP adjustments	1,130	(1,800)	N/A
<b>Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS</b>	<b>22,496</b>	<b>25,100</b>	<b>12%</b>



# **FY 2020 Financial Results**



# Fiscal 2020 Financial Highlights

## Revenue



**RMB509.7 Bn**  
**35% YoY**  
Total Revenue  
Growth

## GMV



**> US\$1 Trillion<sup>(1)</sup>**  
China retail marketplaces,  
international retail  
marketplaces and  
local consumer services

## Strong Profitability and Cash Flow



**RMB165.8 Bn**  
**(US\$23.4 Bn)<sup>(2)</sup>**  
Core Commerce  
Adjusted EBITA

**RMB130.9 Bn**  
**(US\$18.5 Bn)<sup>(2)</sup>**  
Non-GAAP Free Cash Flow

## Core Commerce

**35% YoY**  
Revenue Growth

**22% YoY** Core Commerce  
Adjusted EBITA Growth

## Cloud



**62% YoY**  
Revenue Growth

**(4%)**  
Adjusted EBITA Margin

### Notes:

- (1) The U.S. dollar amounts of annual GMV for fiscal year 2020 presented in this presentation represent the sum of GMV in U.S. dollars for the quarters ended June 30, September 30 and December 31, 2019 and March 31, 2020, each converted from the RMB amounts at the average daily exchange rate for each relevant quarter.
- (2) The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

# Fiscal 2020 Revenue

- **Achieved** our annual **revenue guidance** of over RMB500 billion.
- **Total Revenue** was RMB509,711 million (US\$71,985 million), an increase of 35% YoY. The increase was mainly driven by the robust revenue growth of our China commerce retail business and cloud computing.

## Total Revenue Breakdown

	<u>Year ended March 31, 2020</u>		
	<u>RMB MM</u>	<u>% of Revenue</u>	<u>YoY %</u>
Core commerce:			
China commerce retail			
- Customer management	175,396	34%	20%
- Commission	71,086	14%	15%
- Others <sup>(1)</sup>	86,268	17%	115%
	<u>332,750</u>	<u>65%</u>	<u>34%</u>
China commerce wholesale	12,427	3%	24%
International commerce retail	24,323	5%	24%
International commerce wholesale	9,594	2%	17%
Cainiao logistics services	22,233	4%	49%
Local consumer services	25,440	5%	41%
Others	9,337	2%	82%
<b>Total core commerce</b>	<b><u>436,104</u></b>	<b><u>86%</u></b>	<b><u>35%</u></b>
Cloud computing	40,016	8%	62%
Digital media and entertainment	26,948	5%	12%
Innovation initiatives and others	6,643	1%	42%
<b>Total</b>	<b><u>509,711</u></b>	<b><u>100%</u></b>	<b><u>35%</u></b>

} 19% YoY

































Note:

(1) "Others" revenue under China commerce retail is primarily generated by our New Retail and direct sales businesses, comprising mainly Freshippo, Tmall Supermarket, direct import and Intime.

# Summary of Fiscal Year 2020 Financial Results

	Fiscal Year 2019 RMB MM	Fiscal Year 2020 RMB MM	Fiscal Year 2020 YoY %
Revenue	376,844	509,711	35%
Income from operation	57,084	91,430	60%
Including: Share-based compensation expense	(37,491)	(31,742)	(15%)
Adjusted EBITDA	121,943	157,659	29%
Adjusted EBITDA Margin	32%	31%	
Adjusted EBITA	106,981	137,136	28%
Adjusted EBITA Margin	28%	27%	
Non-GAAP Net Income	93,407	132,479	42%
Non-GAAP Net Income Margin	25%	26%	
GAAP Net income	80,234	140,350	75%
GAAP Net income attributable to ordinary shareholders	87,600	149,263	70%
Free cash flow	104,478	130,914	25%

# Fiscal 2020 Segment Reporting <sup>(1)</sup>

	<b>Core Commerce</b> <i>China Commerce Retail</i>           <i>China Commerce Wholesale</i>  <i>International Commerce Retail</i>   <i>International Commerce Wholesale</i>  <i>Cainiao Logistics Services</i>  <i>Local Consumer Services</i>  	<b>Cloud Computing</b> 	<b>Digital Media &amp; Entertainment</b>         	<b>Innovation Initiatives &amp; Others</b>     	<b>Un-allocated<sup>(2)</sup></b>	<b>Consolidated</b>
<b>FY20 Revenue (MM)</b>	<b>RMB436,104</b> <b>US\$61,590</b> <b>35% YoY</b>	<b>RMB40,016</b> <b>US\$5,651</b> <b>62% YoY</b>	<b>RMB26,948</b> <b>US\$3,806</b> <b>12% YoY</b>	<b>RMB6,643</b> <b>US\$938</b> <b>42% YoY</b>	-	<b>RMB509,711</b> <b>US\$71,985</b> <b>35% YoY</b>
<b>FY20 Adjusted EBITA (MM)</b>	<b>RMB165,800</b> <b>US\$23,415</b>	<b>RMB(1,414)</b> <b>US\$(199)</b>	<b>RMB(11,116)</b> <b>US\$(1,570)</b>	<b>RMB(8,815)</b> <b>US\$(1,245)</b>	<b>RMB(7,319)</b> <b>US\$(1,034)</b>	<b>RMB137,136</b> <b>US\$19,367</b>
<b>FY20 Adjusted EBITA Margin (%)</b>	<b>38%</b>	<b>(4%)</b>	<b>(41%)</b>	<b>(133%)</b>	-	<b>27%</b>

Notes:

(1) Segmental information is presented after elimination of inter-company transactions.

(2) Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

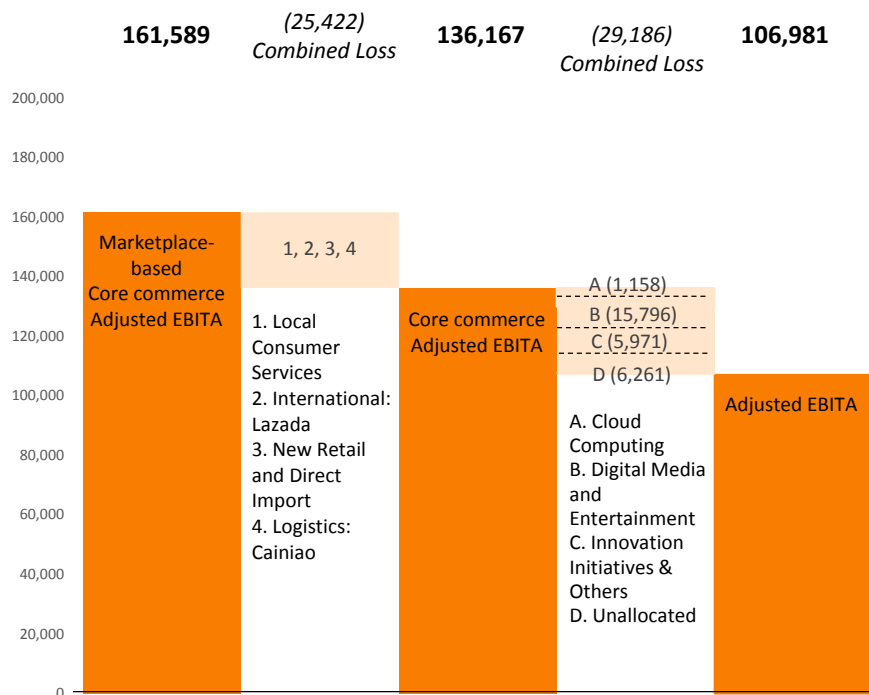
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# FY 2020 Adjusted EBITA by Segment

- **Cloud Computing** revenue increased 62% YoY to RMB40,016 million (US\$5,651 million), driven by increased revenue contributions from both our public cloud and hybrid cloud businesses. Adjusted EBITA was a loss of RMB1,414 million (US\$199 million).
- **Digital Media and Entertainment** revenue increased 12% YoY to RMB26,948 million (US\$3,806 million), primarily due to our consolidation of Alibaba Pictures starting in March 2019. Adjusted EBITA was a loss of RMB11,116 million (US\$1,570 million).
- **Innovation Initiatives and Others** revenue increased 42% YoY to RMB6,643 million (US\$938 million), mainly due to an increase in revenue from online games and other business initiatives. Adjusted EBITA was a loss of RMB8,815 million (US\$1,245 million). The increase in adjusted EBITA loss was primarily due to the increased loss from DingTalk and other new business initiatives, as well as our investments in technological research and innovation.

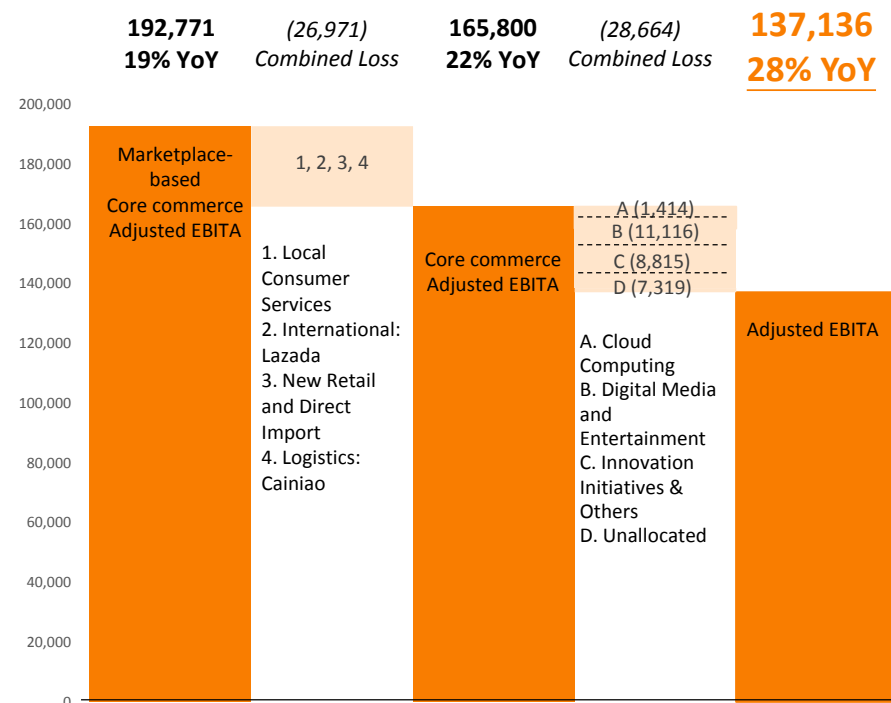
**FY 2019**

(RMB MM)



**FY 2020**

(RMB MM)



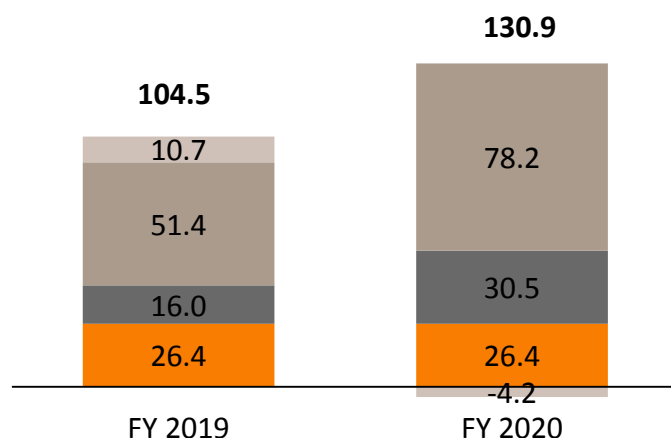
# Fiscal 2020 Free Cash Flow & Capital Expenditures

- **Net cash provided by operating activities** in fiscal year 2020 was RMB180,607 million (US\$25,507 million), an increase of 20% compared to RMB150,975 million in fiscal year 2019.
- **Free cash flow** in fiscal year 2020 increased by 25% to RMB130,914 million (US\$18,489 million), from RMB104,478 million in fiscal year 2019, primarily due to our robust profitability growth.
- **Free cash flow** in the March Quarter was an outflow of RMB4,214 million (US\$595 million). The year-over-year decrease of RMB14,928 million in free cash flow was primarily due to a decrease of RMB7,651 million in connection with the AliExpress Payment Services Restructuring. Excluding the effect of the AliExpress Payment Services Restructuring, non-GAAP free cash flow for the quarter would have been an inflow of RMB1,977 million (US\$279 million).

## Non-GAAP Free Cash Flow <sup>(1)</sup>

(RMB Bn)

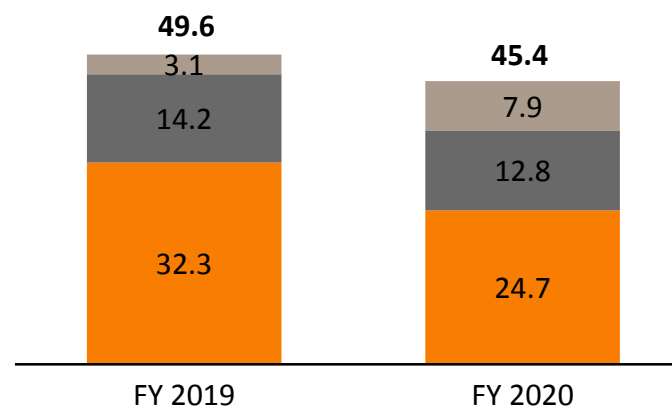
■ Jun Quarter ■ Sep Quarter ■ Dec Quarter ■ Mar Quarter



## Capital Expenditures, Licensed Copyrights and Other Intangible Assets

(RMB Bn)

■ Land Use Rights and Construction in Progress Relating to Office Campuses  
 ■ Licensed Copyrights and Other Intangible Assets  
 ■ Operating CAPEX <sup>(2)</sup>



Notes:

- (1) Non-GAAP free cash flow represents net cash provided by operating activities as presented in our consolidated cash flow statement less purchases of property and equipment (excluding acquisition of land use rights and construction in progress relating to office campuses), licensed copyrights and other intangible assets, as well as adjustments to exclude from net cash provided by operating activities the consumer protection fund deposits from merchants on our China retail marketplaces.
- (2) Operating CAPEX refers to the purchases of property and equipment (excluding land use rights and construction in progress relating to office campuses).

- **Interest and investment income, net** was RMB72,956 million (US\$10,303 million), compared to RMB44,106 million in fiscal year 2019. In fiscal year 2020, we recognized one-time gains of RMB71.6 billion (US\$10.1 billion) and RMB10.3 billion (US\$1.5 billion) in relation to the receipt of the 33% equity interest in Ant Financial and our deconsolidation of the AliExpress Russia businesses, respectively.
- **Other income, net** was RMB7,439 million (US\$1,051 million), compared to RMB221 million in fiscal year 2019. The increase was primarily due to an increase in royalty fees and software technology service fees from Ant Financial and a decrease in exchange loss. **Royalty fees and software technology service fees** under our profit sharing arrangement with Ant Financial amounted to RMB3,835 million (US\$542 million) in fiscal year 2020, as compared to RMB517 million in fiscal year 2019. The profit sharing arrangement was terminated in September 2019 upon our receipt of the 33% equity interest in Ant Financial.

**Note:**

The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.



# GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended		
	March 31, 2019	March 31, 2020	
	(RMB MM)	(RMB MM)	(US\$MM) <sup>(1)</sup>
<b>Adjusted EBITA and Adjusted EBITDA</b>			
Income from operations	8,765	7,131	1,007
Add: Share-based compensation expense	7,110	8,652	1,222
Add: Amortization and impairment of intangible assets	3,203	4,044	571
Add: Settlement of U.S. federal class action lawsuit	1,679	-	-
<b>Adjusted EBITA</b>	<b>20,757</b>	<b>19,827</b>	<b>2,800</b>
Add: Depreciation and amortization of property and equipment, and operating lease cost relating to land use rights	4,409	5,613	793
<b>Adjusted EBITDA</b>	<b>25,166</b>	<b>25,440</b>	<b>3,593</b>
<b>Non-GAAP net income</b>			
Net income	23,379	348	49
Add: Share-based compensation expense	7,110	8,652	1,222
Add: Amortization and impairment of intangible assets	3,203	4,044	571
Add: Impairment of investments	3,450	709	100
Less: Gain (loss) on deemed disposals/disposals/revaluation of investments and others	(19,961)	10,334	1,460
Add: Settlement of U.S. federal class action lawsuit	1,679	-	-
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	-	-
Adjusted for tax effects on non-GAAP adjustments <sup>(2)</sup>	1,130	(1,800)	(254)
<b>Non-GAAP net income</b>	<b>20,056</b>	<b>22,287</b>	<b>3,148</b>
<b>Non-GAAP Free cash flow</b>			
Net cash provided by operating activities	<b>18,553</b>	<b>2,164</b>	<b>306</b>
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(5,688)	(3,881)	(548)
Less: Acquisition of licensed copyrights and other intangible assets	(2,151)	(2,716)	(384)
Less: Changes in the consumer protection fund deposits	-	219	31
<b>Non-GAAP Free cash flow</b>	<b>10,714</b>	<b>(4,214)</b>	<b>(595)</b>

Notes:

(1) The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to the share-based compensation expense, certain gains and losses from investments and amortization and impairment of intangible assets.

# GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Year ended March 31,		
	2019	2020	
	(RMB MM)	(RMB MM)	(US\$MM) <sup>(1)</sup>
<b>Adjusted EBITA and Adjusted EBITDA</b>			
Income from operations	57,084	91,430	12,912
Add: Share-based compensation expense	37,491	31,742	4,483
Add: Amortization and impairment of intangible assets	10,727	13,388	1,891
Add: Impairment of goodwill	-	576	81
Add: Settlement of U.S. federal class action lawsuit	1,679	-	-
<b>Adjusted EBITA</b>	<b>106,981</b>	<b>137,136</b>	<b>19,367</b>
Add: Depreciation and amortization of property and equipment, and operating lease cost relating to land use rights	14,962	20,523	2,899
<b>Adjusted EBITDA</b>	<b>121,943</b>	<b>157,659</b>	<b>22,266</b>
<b>Non-GAAP net income</b>			
Net income	80,234	140,350	19,821
Add: Share-based compensation expense	37,491	31,742	4,483
Add: Amortization and impairment of intangible assets	10,727	13,388	1,891
Add: Impairment of goodwill and investments	11,360	25,656	3,623
Less: Gain on deemed disposals/disposals/revaluation of investments and others	(47,525)	(4,764)	(673)
Add: Settlement of U.S. federal class action lawsuit	1,679	-	-
Less: Gain in relation to the receipt of the 33% equity interest in Ant Financial	-	(71,561)	(10,106)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	264	97	14
Adjusted for tax effects on non-GAAP adjustments <sup>(2)</sup>	(823)	(2,429)	(343)
<b>Non-GAAP net income</b>	<b>93,407</b>	<b>132,479</b>	<b>18,710</b>
<b>Non-GAAP Free cash flow</b>			
Net cash provided by operating activities	<b>150,975</b>	<b>180,607</b>	<b>25,507</b>
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(32,336)	(24,662)	(3,483)
Less: Acquisition of licensed copyrights and other intangible assets	(14,161)	(12,836)	(1,813)
Less: Changes in the consumer protection fund deposits	-	(12,195)	(1,722)
<b>Non-GAAP Free cash flow</b>	<b>104,478</b>	<b>130,914</b>	<b>18,489</b>

Notes:

(1) The translations of RMB into US\$ were made at RMB7.0808 to US\$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to the share-based compensation expense, certain gains and losses from investments and amortization and impairment of intangible assets.



**Alibaba Group**  
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